

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

DOCKET NO. 2012-7-G

In the Matter Of)	
)	
Application of Piedmont Natural Gas)	COMMENTS OF
Company, Inc. to Have Terms of the)	PIEDMONT NATURAL GAS
Natural Gas Rate Stabilization Act Apply)	COMPANY, INC.
to Its Rates and Charges for Gas)	
Distribution Services)	

Piedmont Natural Gas Company, Inc. ("Piedmont"), pursuant to Section 58-5-455(4) of the S.C. Code of Laws, hereby submits the following written comments on the *Report of South Carolina Office of Regulatory Staff's Examination of Piedmont Natural Gas Company's Monitoring Report* ("ORS Audit") prepared and filed in this proceeding by the Office of Regulatory Staff ("ORS") on August 31, 2012.

Piedmont has carefully reviewed the August 31, 2012 ORS Audit and the proposed adjustments to Piedmont's June 15, 2012 Quarterly Monitoring Report contained therein and consistent with the Settlement Agreement filed in this docket on August 31, 2012, Piedmont hereby advises the Commission that Piedmont has no objection to or comments on the findings and adjustments reflected in the ORS Audit. Piedmont further confirms its agreement, as part of an overall settlement with the ORS, to implement rates beginning with the first billing cycle of November, 2012 based upon the ORS audit results and a return on equity of 11.3% in lieu of the existing approved rate of return on equity adopted in Piedmont's last general rate case.

Revised rates and charges incorporating the ORS Audit adjustments and reflecting a rate of return on equity of 11.3% are attached hereto as Exhibits A and B.

Respectfully submitted this 14th day of September, 2012.

PIEDMONT NATURAL GAS COMPANY, INC.

/s/ Scott M. Tyler
Scott M. Tyler
James H. Jeffries IV

OF COUNSEL:
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EXHIBIT A

Piedmont Natural Gas Company, Inc.
Quarterly Rate Stabilization Filing - Settlement Rates
12-Months Ending March 31, 2012

PROPOSED REVENUE CALCULATIONS

(dekatherms) Rate Schedule	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (3)	Proforma Bills (4)	Proposed Margin Rate (5)	Proposed Demand Rate (6)	Proposed Commodity Rate (7)	Total Proposed Rates (8)	Total Proforma Revenue (9)
Residential Service - Value 201									
Bills - Winter	184,954			184,954	\$ 10.00			\$ 10.00	\$1,849,540
Bills - Summer	268,802			268,802	\$ 8.00			\$ 8.00	\$2,150,416
DTs - Winter	1,710,311	235,024	1,945,335		\$3.7906	\$0.4885	\$2.7987	\$7.0778	\$13,768,692
DTs - Summer	750,641	92,469	843,110		\$3.3499	\$0.4885	\$2.7987	\$6.6371	\$5,595,805
Residential Service - Standard 221									
Bills - Winter	410,618			410,618	\$ 10.00			\$ 10.00	\$4,106,180
Bills - Summer	550,851			550,851	\$ 8.00			\$ 8.00	\$4,406,808
DTs - Winter	2,768,079	434,255	3,202,334		\$3.7906	\$2.1658	\$2.7987	\$8.7551	\$28,036,754
DTs - Summer	729,531	161,563	891,094		\$3.3499	\$2.5802	\$2.7987	\$8.7288	\$7,778,181
<u>TOTAL RESIDENTIAL</u>									
Bills	1,415,225			1,415,225					
DTs	5,958,562	923,311	6,881,873						\$67,692,376
Small General Service - Standard 202									
Bills	117,960			117,960	\$ 22.00			\$ 22.00	\$2,595,120
DTs - Winter	1,238,479	216,046	1,454,525		\$3.0916	\$2.0066	\$2.7987	\$7.8969	\$11,486,238
DTs - Summer	288,412	65,451	353,863		\$2.9811	\$1.8004	\$2.7987	\$7.5802	\$2,682,352
Small General Service - Value 232									
Bills	47,009			47,009	\$ 22.00			\$ 22.00	\$1,034,198
First 200	958,129	57,558	1,015,687		\$3.0916	\$1.4938	\$2.7987	\$7.3841	\$7,499,934
<u>Over 200</u>	<u>202,267</u>	<u>12,150</u>	<u>214,417</u>		\$3.0916	\$1.2429	\$2.7987	\$7.1332	\$1,529,479
DTs - Winter	1,160,396	69,708	1,230,104						
First 200	1,055,161	16,734	1,071,895		\$2.9811	\$0.7800	\$2.7987	\$6.5598	\$7,031,417
<u>Over 200</u>	<u>131,804</u>	<u>2,090</u>	<u>133,894</u>		\$2.9811	\$0.5498	\$2.7987	\$6.3296	\$847,495
DTs - Summer	1,186,965	18,824	1,205,789						
Medium General Service - Standard 252									
Bills	170			170	\$ 75.00			\$ 75.00	\$12,750
DTs - Winter	61,896	11,630	73,526		\$3.0916	\$1.6410	\$2.7987	\$7.5313	\$553,746
DTs - Summer	12,202	3,369	15,571		\$2.9811	\$1.3831	\$2.7987	\$7.1629	\$111,534
Medium General Service - Value 262									
Bills	869			869	\$ 75.00			\$ 75.00	\$65,175
First 500	169,083	8,869	177,952		\$3.0916	\$1.0564	\$2.7987	\$6.9467	\$1,236,179
<u>Over 500</u>	<u>190,340</u>	<u>9,984</u>	<u>200,324</u>		\$3.0916	\$0.7683	\$2.7987	\$6.6586	\$1,333,877
DTs - Winter	359,423	18,853	378,276						
First 500	218,559	2,962	221,521		\$2.9811	\$0.3700	\$2.7987	\$6.1498	\$1,362,310
<u>Over 500</u>	<u>173,889</u>	<u>2,356</u>	<u>176,245</u>		\$2.9811	\$0.1603	\$2.7987	\$5.9401	\$1,046,913
DTs - Summer	392,448	5,318	397,766						

Piedmont Natural Gas Company, Inc.
Quarterly Rate Stabilization Filing - Settlement Rates
12-Months Ending March 31, 2012

PROPOSED REVENUE CALCULATIONS

(dekatherms) Rate Schedule	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (3)	Proforma Bills (4)	Proposed Margin Rate (5)	Proposed Demand Rate (6)	Proposed Commodity Rate (7)	Total Proposed Rates (8)	Total Proforma Revenue (9)
Small General Service - Motor Fuel 242									
Bills	12			12	\$ 22.00			\$ 22.00	\$264
DTs - Winter	109		109		\$2.5000	\$1.6462	\$2.7987	\$6.9449	\$757
DTs - Summer	49		49		\$2.5000	\$2.2441	\$2.7987	\$7.5428	\$370
<u>TOTAL COMMERCIAL</u>									
Bills	166,020			166,020					
DTs	4,700,379	409,199	5,109,578						\$40,430,108
Large General Service - Sales 203									
Bills	100			100	\$ 250.00			\$ 250.00	\$25,000
Demand DTs	15,446	0		15,446	\$5.0000	\$12.9812	\$0.0000	\$17.9812	\$277,738
First 1,500	63,000	0	63,000		\$1.8569	\$0.8449	\$2.7987	\$5.5005	\$346,532
Next 1,500	40,495	0	40,495		\$1.2998	\$0.6864	\$2.7987	\$4.7849	\$193,765
Next 7,500	12,208	0	12,208		\$0.9285	\$0.7028	\$2.7987	\$4.4300	\$54,081
Next 16,500	0	0	0		\$0.5571	\$0.2818	\$2.7987	\$3.6376	\$0
Next 33,000	0	0	0		\$0.1857	\$0.1000	\$2.7987	\$3.0844	\$0
<u>Over 60,000</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>\$0.0000</u>	<u>\$0.0000</u>	<u>\$2.7987</u>	<u>\$2.7987</u>	<u>\$0</u>
DTs - Winter	115,703	0	115,703						
First 1,500	82,302	0	82,302		\$1.1141	\$0.6565	\$2.7987	\$4.5693	\$376,063
Next 1,500	46,642	0	46,642		\$0.7428	\$0.5328	\$2.7987	\$4.0743	\$190,034
Next 7,500	9,670	0	9,670		\$0.5571	\$0.7709	\$2.7987	\$4.1267	\$39,905
Next 16,500	0	0	0		\$0.3714	\$0.2818	\$2.7987	\$3.4519	\$0
Next 33,000	0	0	0		\$0.1857	\$0.0500	\$2.7987	\$3.0344	\$0
<u>Over 60,000</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>\$0.0000</u>	<u>\$0.0000</u>	<u>\$2.7987</u>	<u>\$2.7987</u>	<u>\$0</u>
DTs - Summer	138,614	0	138,614						
Large General Service - Transportation 213									
Bills	440			440	\$ 250.00			\$ 250.00	\$110,000
Demand DTs	89,573			89,573	\$5.0000	\$0.9651	\$0.0000	\$5.9651	\$534,312
Standby DTs	0			0	\$0.0000	\$12.0161	\$0.0000	\$12.0161	\$0
First 1,500	257,326	0	257,326		\$1.8569	\$0.5475	\$0.0487	\$2.4531	\$631,246
Next 1,500	177,182	0	177,182		\$1.2998	\$0.4363	\$0.0487	\$1.7848	\$316,234
Next 7,500	157,123	0	157,123		\$0.9285	\$0.3429	\$0.0487	\$1.3201	\$207,418
Next 16,500	54,172	0	54,172		\$0.5571	\$0.2812	\$0.0487	\$0.8870	\$48,051
Next 33,000	0	0	0		\$0.1857	\$0.1025	\$0.0487	\$0.3369	\$0
<u>Over 60,000</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>\$0.0000</u>	<u>\$0.0000</u>	<u>\$0.0487</u>	<u>\$0.0487</u>	<u>\$0</u>
DTs - Winter	645,803	0	645,803						
First 1,500	340,137	0	340,137		\$1.1141	\$0.5794	\$0.0487	\$1.7422	\$592,587
Next 1,500	202,370	0	202,370		\$0.7428	\$0.4665	\$0.0487	\$1.2580	\$254,581
Next 7,500	146,615	0	146,615		\$0.5571	\$0.3953	\$0.0487	\$1.0011	\$146,776
Next 16,500	81,502	0	81,502		\$0.3714	\$0.2490	\$0.0487	\$0.6691	\$54,533
Next 33,000	0	0	0		\$0.1857	\$0.0500	\$0.0487	\$0.2844	\$0
<u>Over 60,000</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>\$0.0000</u>	<u>\$0.0000</u>	<u>\$0.0487</u>	<u>\$0.0487</u>	<u>\$0</u>
DTs - Summer	770,624	0	770,624						

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Interruptible Service - Sales 204									
Bills	163			163	\$ 250.00			\$ 250.00	\$40,750
First 1,500	87,838	0	87,838		\$1.8569	\$1.6510	\$2.7987	\$6.3066	\$553,959
Next 1,500	57,325	0	57,325		\$1.2998	\$1.4420	\$2.7987	\$5.5405	\$317,609
Next 7,500	76,511	0	76,511		\$0.9285	\$1.2483	\$2.7987	\$4.9755	\$380,680
Next 16,500	20,413	0	20,413		\$0.5571	\$1.8187	\$2.7987	\$5.1745	\$105,627
Next 33,000	0	0	0		\$0.1857	\$1.0844	\$2.7987	\$4.0688	\$0
Over 60,000	0	0	0		\$0.0000	\$0.4000	\$2.7987	\$3.1987	\$0
DTs - Winter	242,087	0	242,087						
First 1,500	115,188	0	115,188		\$1.1141	\$0.8145	\$2.7987	\$4.7273	\$544,528
Next 1,500	81,860	0	81,860		\$0.7428	\$0.6864	\$2.7987	\$4.2279	\$346,096
Next 7,500	72,997	0	72,997		\$0.5571	\$0.6009	\$2.7987	\$3.9567	\$288,827
Next 16,500	12,347	0	12,347		\$0.3714	\$0.6110	\$2.7987	\$3.7811	\$46,685
Next 33,000	0	0	0		\$0.1857	\$0.2000	\$2.7987	\$3.1844	\$0
Over 60,000	0	0	0		\$0.0000	\$0.1000	\$2.7987	\$2.8987	\$0
DTs - Summer	282,392	0	282,392						
Interruptible Service - Transportation 214									
Bills	628			628	\$ 250.00			\$ 250.00	\$157,000
First 1,500	395,297	0	395,297		\$1.8569	\$0.5434	\$0.0487	\$2.4490	\$968,082
Next 1,500	348,809	0	348,809		\$1.2998	\$0.4310	\$0.0487	\$1.7795	\$620,706
Next 7,500	757,487	0	757,487		\$0.9285	\$0.3176	\$0.0487	\$1.2948	\$980,794
Next 16,500	456,606	0	456,606		\$0.5571	\$0.2072	\$0.0487	\$0.8130	\$371,221
Next 33,000	139,855	0	139,855		\$0.1857	\$0.1090	\$0.0487	\$0.3434	\$48,026
Over 60,000	0	0	0		\$0.0000	\$0.0000	\$0.0487	\$0.0487	\$0
DTs - Winter	2,098,054	0	2,098,054						
First 1,500	526,794	0	526,794		\$1.1141	\$0.5754	\$0.0487	\$1.7382	\$915,673
Next 1,500	414,414	0	414,414		\$0.7428	\$0.4551	\$0.0487	\$1.2466	\$516,608
Next 7,500	837,219	0	837,219		\$0.5571	\$0.3367	\$0.0487	\$0.9425	\$789,079
Next 16,500	394,627	0	394,627		\$0.3714	\$0.2171	\$0.0487	\$0.6372	\$251,456
Next 33,000	98,874	0	98,874		\$0.1857	\$0.2533	\$0.0487	\$0.4877	\$48,221
Over 60,000	0	0	0		\$0.0000	\$0.0000	\$0.0487	\$0.0487	\$0
DTs - Summer	2,271,928	0	2,271,928						
TOTAL INDUSTRIAL									
Bills	1,331			1,331					
Demand	105,019			105,019					
DTs	6,565,205	0	6,565,205						
									\$12,690,483
Outdoor Gaslight Service - Rate 205									
Fixtures	37	0	37		\$ 15.00			\$ 15.00	\$555
DTs - Winter	16	0	16						
DTs - Summer	22	0	22						
Annual Revenues From Special Contracts									\$ 1,847,761
TOTAL ALL RATE SCHEDULES									
TOTAL BILLS	1,582,576			1,582,576					
TOTAL WINTER DTs	10,400,356	985,516	11,385,872						
TOTAL SUMMER DTs	6,823,828	346,994	7,170,822						
ANNUAL TOTAL DTs	17,224,184	1,332,510	18,556,694						
TOTAL SALES DTs	11,437,775	1,332,510	12,770,285						
TRANSPORTATION DTs	5,786,409	0	5,786,409						
ANNUAL TOTAL DTs	17,224,184	1,332,510	18,556,694						
								REVENUE \$	122,661,283

EXHIBIT B

Piedmont Natural Gas Company, Inc.
Quarterly Rate Stabilization Filing - Settlement Rates
12-Months Ending March 31, 2012

WNA Factors

	Base Rate (\$/therms)	Demand (\$/therms)	Commodity	"R" Value (\$/therms)	Heat Factor (therms/DDD)	Base Factor (therms/mo.)
Residential						
Value Rate - 201	0.70778	0.04885	0.27987	0.37906	0.15727	21.01087
Standard Rate - 221	0.87551	0.21658	0.27987	0.37906	0.13181	7.39462
Commercial						
Rate 202 - Std	0.78969	0.20066	0.27987	0.30916	0.51194	18.06444
Rate 232 - Val						
First 2,000 therms	0.73841	0.14938	0.27987	0.30916	0.40864	411.16422
Over 2,000 therms	0.71332	0.12429	0.27987	0.30916	0.40864	411.16422
Rate 252 - Std	0.75313	0.16410	0.27987	0.30916	18.61021	468.06316
Rate 262 - Val						
first 5,000 therms	0.69467	0.10564	0.27987	0.30916	6.05047	7360.95665
over 5,000 therms	0.66586	0.07683	0.27987	0.30916	6.05047	7360.95665

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the attached *Comments of Piedmont Natural Gas Company, Inc.* is being served this date via email and UPS Overnight upon:

Florence Belser
Nanette S. Edwards
Carey Stites
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And that a copy of the attached *Comments of Piedmont Natural Gas Company Inc.* is being served this date via email and U.S. Mail upon:

David Carpenter
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Pia Powers
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This the 14th day of September, 2012.

s/ James H. Jeffries IV
James H. Jeffries IV